

## Message Text

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43

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 211355Z JAN 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 5959

INFO AMEMBASSY ABU DHABI

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

S E C R E T JIDDA 0330

EXDIS

ROME FOR SHULTZ

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJ: SAUDI PETROLEUM MINISTER'S AGREEMENT TO WORK FOR  
LOWER OIL PRICES

REF: JIDDA 0102

1. AHMAD ZAKI YAMANI, SAUDI MINISTER OF PETROLEUM,  
TOLD ME TODAY THAT HE WAS EXTREMELY ANNOYED BY THE  
CONSTANT REFERENCES TO "ARAB" OIL GOUGING. HE SAID  
THE NEWSPAPER REPORTS WERE FED BY REPEATED USG STATE-  
MENTS AND HE QUOTED SECRETARY SHULTZ AND PRESIDENT  
NIXON AS HAVING FINGERED THE ARABS AS BEING SOLELY  
RESPONSIBLE FOR THE PRICE INCREASES. I TOLD HIM I  
HAD READ THE PRESS ACCOUNTS BUT I KNEW NOTHING OF ANY  
SUCH STATEMENTS BY SECRETARY SHULTZ OR THE PRESIDENT.

2. HE ASKED WHAT WAS THE PURPOSE; WE KNEW VERY WELL THAT  
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SAUDI ARABIA HAD TRIED HARD TO KEEP THE PRICES DOWN AND  
THE SHAH HAD PUBLICLY TAKEN CREDIT FOR THE INCREASES.  
HE REMINDED ME THAT HE HAD TOLD ME BEFORE THE TEHRAN  
CONFERENCE IN DECEMBER OF THE POSITIONS TO BE TAKEN BY

THE VARIOUS COUNTRIES AND HE ASKED WHY WE HAD NOT WEIGHTED IN HEAVILY THEN (I TOLD HIM WE HAD).

3. YAMANI SAID WE ALSO KNEW WHAT POSIITON HE HAD TAKEN IN GENDZA. THE NOTES OF THE MEETING WOULD SHOW THAT HE HAD INSISTED THAT THE EFFECTS OF THE PRICE INCREASES ON THE INDUSTRIALIZED AND THE UNDERDEVELOPED WORLD BE STUDIED BY OPEC. AND WHILE THE QUESTION OF REDUCING THE RECENT PRICE INCREASES WAS NOT ON THE AGENDA OF THE GENEVA MEETING, HE HAD SPOKEN WITH EVERYONE OF THE DELEGATES, INCLUDING AMOUZEGAR, ABOUT THE ADVERSE WORLD EFFECTS OF THE CURRENT PRICE INCREASES AND THE NECESSITY OF REDUCING PRICES.

4. HE THEN URGED US TO LAUNCH A STRONG DIPLOMATIC OFFENSIVE WITH THE OTHER OPEC PRODUCERS AS SOON AS HE RETURNED FROM TOKYO IN EARLY FEBRUARY AND HE SAID HE WOULD GIVE US HIS FULL SUPPORT; IN FACT HE SAID HE WOULD "JOIN" US IN SUCH DEMARCHES, BUT I ASSUME HE DID NOT MEAN LITERALLY A JOINT APPROACH.

5. YAMANI SAID THAT SOME OF THE OTHER OPEC COUNTRIES (HE DID NOT MENTION ANY BY NAME) ARE BEGINNING TO UNDERSTAND THE EFFECT THESE PRICE INCREASES ARE HAVING ON THE WORLD AND ARE BEGINNING TO WORRY THAT THEY THEMSELVES MIGHT EVENTUALLY BE HURT. HE SAID THAT IF STRONG DEMARCHES ARE MADE BY THE CONSUMERS, PRIMARILY THE U.S., IT SHOULD BE POSSIBLE TO REDUCE THE AVERAGE OPEC GOVERNMENT TAKE FROM THE PRESENT \$7.00/BARREL TO AROUND \$5.00 AS HE HAD ORIGINALLY PROPOSED. HE COMMENTED PARENTHETICALLY THAT OPEC HAD BEEN SURPRISED BY THE MILDNESS OF THE WORLD REACTION TO THE DECEMBE PRICE INCREASES.

5. COMMENT: IF YAMANI IS RIGHT THAT OPEC IS HAVING SECOND THOUGHTS ABOUT THE INCREASES, WE PROBABLY CAN'T AFFORD TO LOSE MUCH MORE TIME. (YAMANI CAN ALWAYS RUSH RIGHT BACK FROM JAPAN IF HE'S NEEDED.) MY COLLEAGUES  
SECRET

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IN OTHER OPEC CAPITALS WILL WISH TO COMMENT ON THE POSSIBILITY OF GETTING THEIR HOSTS TO BACK DOWN, AND ON THE DESIRABILITY OF SENDING APRESIDENTIAL ENVOYS (SHULTZ OR SIMON?), LETTERS OR NOTHING. RFFINS

SECRET

<< END OF DOCUMENT >>

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**TAGS:** ENRG, SA, OPEC, (YAMANI, AHMAD ZAKI)  
**To:** STATE INFO ABU DHABI  
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